



Final Version

3 of 3

## South Bend Wastewater Utility Rates 2010 and beyond

- Meeting the Federal CSO Mandate—a 20 year historic investment in environmental infrastructure
- Demonstrating commitment to best in class environmental stewardship
- Keeping rates as affordable as possible given these goals

## Moving Forward on CSO Long Term Control Plan-Recap

- We reported what how we did on implementation of the plan over the last 4 years (transparency on where we have been).
- We have explained what needs to be done over the next 4 years to continue the plan (clear vision on where we are going and why).
- We have a federal mandate from EPA to comply with the Clean Water Act.

## Moving Forward on CSO Long Term Control Plan- Why ?

- We have a **City Plan** mandate to protect the St. Joseph River, make smart investments in infrastructure, and be good environmental stewards.
- We have a clear message from the community advisory panel to emphasize human health---hence the phase 1 focus on curing basement sewage backups while also reducing overflows to the river.

## Moving Forward on CSO Long Term Control Plan- Again ?

- We implemented a 79 % increase over the last 4 years as we ramped up the revenue base of the municipal wastewater utility to get a serious start on the CSO LTCP.
- We have great pressure from EPA to ramp up spending to achieve compliance with the CWA as soon as possible---South Bend and other CSO communities are asking for 20 years to keep it affordable.

## Moving Forward on CSO Long Term Control Plan- How Much/ What For ?

- We need to raise about \$70 million capital over the next 4 years to:
  - preserve the treatment plant and maximize wet weather capacity---a key CSO LTCP Feature (\$15 million),
  - do normal extensions and replacements of aging sewers (\$16 million) and
  - continue to make progress on the CSO LTCP (\$39 million)

## Moving Forward on CSO Long Term Control Plan- Rate Impact ?

- In order to raise all capital we need to increase sewer rates.
- Initial ATB rate case scenario to raise all capital operations and engineering staff would like in the plan was determined by Crowe to be 16, 24, 13 and 9 % or a cumulative 77 % increase next 4 years---this was rejected

## Moving Forward on CSO Long Term Control Plan- Rate Impact ?

- Mayor asked for rates constrained to single digit increases with gradualism on remaining 2010 increase
- Crowe responded with 8 % for remainder of 2010, and 9 % each year 2011-2013--- this only raised \$ 32.5 million in capital— will not fly with EPA/DOJ

## Moving Forward on CSO Long Term Control Plan- Rate Impact ?

- Council asked a more modest approach than Mayor had asked.
- Crowe ran rates analysis to just meet legal bond covenants on existing bonds and use the 40 % coverage capital—this resulted in 8%, 9 %, 6 % and 2 %---this generated \$8.2 million capital out of coverage— would be rejected by EPA/DOJ.



## Moving Forward on CSO Long Term Control Plan- Rate Impact ?

- Running a blended scenario to buffer rates and raise the \$ 70 million to move CSO LTCP forward without enforcement action driving the program—two key components:
- First we will strategically cap taxes paid for this historic investment in utility plant in service—essentially cap taxes paid by municipal wastewater utility at a 5 %/year growth rate from current taxes (\$2.1 million/year in 2010) and this will add about \$ 12 million capital
- Second we will supplement what this will raise up to the \$ 70 million needed over the next 4 years with a City pledge of EDIT toward aspects of the CSO LTCP—this supplement needs to be \$ 10 million of the total \$ 70 million capital need.
- Buffered sewer rates will increase 8 % in the second half of 2010 and 9 % per year in 2011-2013 raising about \$ 60 million.
- Final Rate Study figures will be introduced in ordinance form on first reading later this month.

### Rate Comparison

Survey of Sewer Rates  
Indiana Cities and Towns Over 30,000 Population

City/Town	2000 Census Population	County	Private or Municipal Ownership	Effective Date of Sewer Rate	Residential 5/8" Meter Monthly Sewer Billing for 6.68 CCF or 5,000 Gallons
Mishawaka (1)	46,557	St. Joseph	Municipal	2010	\$ 44.26
Anderson (2)	59,734	Madison	Municipal	2009	43.17
Columbus	39,059	Bartholomew	Municipal	2009	37.77
New Albany	37,603	Floyd	Municipal	2009	33.67
Gary (2)	102,746	Lake	Municipal	2008	32.50
Lawrence	38,915	Marion	Municipal	2009	30.42
South Bend	107,789	St. Joseph	Municipal	2009	30.08
Kokomo	46,113	Howard	Municipal	2006	29.95
Fishers	37,835	Hamilton	Municipal	2000	26.00
Richmond (2)	39,124	Wayne	Municipal	2009	25.89
Bloomington	69,291	Monroe	Municipal	2005	25.06
Lafayette	56,397	Tippecanoe	Municipal	2008	25.01
Michigan City	32,900	LaPorte	Municipal	2005	24.33
Evansville	121,582	Vanderburgh	Municipal	2008	23.67
Portage	33,496	Porter	Municipal	2009	23.50
Fort Wayne (1)	205,727	Allen	Municipal	2009	23.27
Muncie (1) (2)	67,430	Delaware	Municipal	2010	22.51
Elkhart (1)	51,874	Elkhart	Municipal	2010	22.02
Indianapolis (1) (2)	781,870	Marion	Municipal	2010	20.86
Carmel	37,733	Hamilton	Municipal	2009	18.14
Terre Haute (2)	59,614	Vigo	Municipal	2005	16.57
Greenwood	36,037	Johnson	Municipal	1998	15.55
Hammond (2)	83,048	Lake	Municipal	2008	13.38
Marion	31,320	Grant	Municipal	1992	10.51

(1) Rate increase expected  
(2) Subsidized by property tax